

Derrick Talerico (State Bar No. 223763)
dtalerico@wztslaw.com
WEINTRAUB ZOLKIN TALERICO & SELTH LLP
11766 Wilshire Boulevard, Suite 730
Los Angeles, CA 90025
Telephone: (424) 500-8552

Proposed General Bankruptcy Counsel to
Chapter 11 Debtor and Debtor in Possession,
APPLIED POWDERCOAT, LLC

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – NORTHERN DIVISION**

In re:

APPLIED POWDERCOAT, LLC,

Debtor and Debtor in Possession.

Case No. 9:25-bk-10762-RC

Chapter 11

Subchapter V

**STIPULATION REGARDING USE OF
CASH COLLATERAL THROUGH
SEPTEMBER 2025**

Applied Powdercoat, LLC, a California limited liability company, the Chapter 11 debtor and debtor in possession (the “Debtor”), in the pending Chapter 11 Subchapter V bankruptcy case identified as *In Re Applied Powdercoat, LLC* (the “Bankruptcy Case”) First Bank of the Lake (“FBOL,” together with the Debtor, the “Parties”), by and through their under-signed counsel, hereby enter into this *Stipulation Regarding Use of Cash Collateral through September 2025* (“Stipulation”) and represent as follows:

RECITALS

- A. On June 6, 2025 (the “Petition Date”), the Debtor filed a voluntary bankruptcy petition under Chapter 11 of Title 11, Subchapter V, of the United States Code (beginning at 11 U.S.C. §§ 101, *et seq.*, the “Bankruptcy Code”) in the above-captioned court, initiating the Bankruptcy Case.
- B. On or about August 2022, the Debtor obtained a loan in the amount of \$1,281,000 from FBOL (the “Loan”). The Loan was established by a Loan Agreement and evidenced by a U.S. Small Business Administration Note (the “Note”). Per the terms of the U.S. Small Business Administration Security Agreement (the “Security Agreement”), the obligations under the Note are secured by, amongst other things, deposit accounts of Debtor (the “Security Interests”). The Security Agreement was perfected by the filing of a UCC-1 Financing Statement with the California Secretary of State as Filing Number U220208281933 on July 7, 2022.
- C. The Debtor requires the use of FBOL’s Cash Collateral (as defined in Bankruptcy Code Section 363(a)) to fund its reasonable and necessary operating expenses. FBOL consent to the Debtor’s use of Cash Collateral subject to the conditions set forth in this Stipulation.
- D. On August 15, 2025, the Bankruptcy Court entered an Order (the “Order,” [Dkt. 43]), approving the Stipulation between Debtor and FBOL (the “Initial Stipulation,” attached as Exhibit A to the Motion to approve the Stipulation [Dkt. 15]) authorizing use of cash collateral through August 31, 2025, pursuant to budgets for July [Dkt. 30] and August [Dkt. 31].

**NOW, THEREFORE, IT IS HEREBY STIPULATED BETWEEN THE PARTIES
AS FOLLOWS:**

STIPULATION

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein by this reference and shall be deemed a material part of this Stipulation.

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LOS ANGELES, CA 90025

2. Integration and Affirmation of Initial Stipulation and Order. All of the terms and conditions set forth in the Initial Stipulation and the Order, including but not limited to the grant of post-petition replacement liens, are hereby affirmed and incorporated herein and shall apply to the September Budget (defined below).

3. Authorization for Continued Limited Use of Cash Collateral. Subject to the terms and conditions of this Stipulation, the Initial Stipulation, and the Order, the Debtor shall be entitled to use Cash Collateral in accordance with the budget attached hereto as Exhibit 1 (the "September Budget").

4. Termination. Unless extended by a further stipulation between the Parties or order of the Court, the Debtor's use of Cash Collateral in accordance with the terms and conditions discussed herein shall terminate upon the earlier of (i) an "Event of Default" as defined in Paragraph 5 of the Initial Stipulation; or (ii) 11:59 p.m. on September 30, 2025.

5. No Order Required. Pursuant to the terms of the Order, the Parties do not require nor seek entry of an order approving this Stipulation to give effect to this Stipulation. This Stipulation shall be valid and enforceable upon the filing of this fully executed Stipulation with the Bankruptcy Court.

Dated: September 9, 2025

WEINTRAUB ZOLKIN TALERICO & SELTH LLP

By: /s/ Derrick Talerico

Derrick Talerico

Proposed General Bankruptcy Counsel for
Chapter 11 Debtor and Debtor in Possession
APPLIED POWDERCOAT, LLC

Dated: September 9, 2025

MILLER NASH LLP

By: Bernie Kornberg

Bernie Kornberg

Counsel to First Bank of the Lake

EXHIBIT 1

Sept. Budget

| <u>MONTHLY OPERATING BUDGET</u> | <u>Week of 8/25</u> | <u>Week of 9/1</u> | <u>Week of 9/8</u> | <u>Week of 9/15</u> | <u>Week of 9/22</u> | <u>Week of 9/29</u> |
|--|----------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Accounts Receivable | \$173,739.53 | \$173,739.53 | \$178,739.53 | \$183,739.53 | \$188,739.53 | \$193,739.53 |
| Cash on Hand | \$30,974.06 | \$18,474.06 | \$16,474.06 | \$9,974.06 | \$33,474.06 | \$21,974.06 |
| Anticipated Collections | \$35,000.00 | \$30,000.00 | \$30,000.00 | \$30,000.00 | \$30,000.00 | \$35,000.00 |
| Cost of Goods Sold | | | | | | |
| Total 5000 Direct Labor | \$26,000.00 | \$0.00 | \$26,000.00 | \$0.00 | \$26,000.00 | \$0.00 |
| Total 5010 Raw Materials | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 | \$5,000.00 |
| Total 5023 Shop Supplies & Small Tools | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| Total 5024 Utilities | \$10,000.00 | \$7,000.00 | \$0.00 | \$0.00 | \$0.00 | \$15,000.00 |
| Total 5063 Postage and Shipping | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| Total 5420 Equipment Rental | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Cost of Goods Sold | \$42,000.00 | \$13,000.00 | \$32,000.00 | \$6,000.00 | \$32,000.00 | \$21,000.00 |
| Expenses | | | | | | |
| Total 6025 Advertising Expenses | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total 6050 Insurance | \$5,000.00 | \$0.00 | \$0.00 | \$0.00 | \$5,000.00 | \$0.00 |
| Total 6062 Office Expenses | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 | \$500.00 |
| Total 6070 Professional Fees | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total 6080 Rent | \$0.00 | \$18,500.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total 6090 Salary | \$0.00 | \$0.00 | \$4,000.00 | \$0.00 | \$4,000.00 | \$0.00 |
| Total 6100 Telephone and Fax | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Expenses | \$5,500.00 | \$19,000.00 | \$4,500.00 | \$500.00 | \$9,500.00 | \$500.00 |
| Total COGS and Expenses | \$47,500.00 | \$32,000.00 | \$36,500.00 | \$6,500.00 | \$41,500.00 | \$21,500.00 |
| Excess Cash | \$18,474.06 | \$16,474.06 | \$9,974.06 | \$33,474.06 | \$21,974.06 | \$35,474.06 |
| New Receivables | \$35,000.00 | \$35,000.00 | \$35,000.00 | \$35,000.00 | \$35,000.00 | \$35,000.00 |
| Ending A/R | \$173,739.53 | \$178,739.53 | \$183,739.53 | \$188,739.53 | \$193,739.53 | \$193,739.53 |

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
11766 Wilshire Blvd., Suite 730, Los Angeles, CA 90025

A true and correct copy of the foregoing document entitled (*specify*): **Stipulation Regarding Use of Cash Collateral Through September 2025** will be served or was served (**a**) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **September 9, 2025**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Attorneys for Debtor Applied Powdercoat, LLC: **Derrick Talerico**: dtalerico@wztslaw.com; maraki@wztslaw.com; sfritz@wztslaw.com; admin@wztslaw.com
- Subchapter V Trustee: **John-Patrick McGinnis Fritz (TR)**: jpfrustee@lnbyg.com; jpfrustesolutions.net
- Courtesy Notice/Interested Party: **Joseph Boufadel**: jboufadel@salvatoboufadel.com; gsalvato@salvatoboufadel.com; gsalvato@ecf.inforuptcy.com
- Courtesy Notice/Interested Party: **John D Faucher**: j.d.faucher@faucherlaw.com; faucherecf@gmail.com; johnd.b113858@notify.bestcase.com; p.askren@faucherlaw.com
- Attorneys for Creditor Employenet, Inc.: **Nicolino Iezza**: niezza@spiwakandiezza.com
- Attorneys for Interested Party First Bank of the Lake: **Bernard J Kornberg**: bernie.kornberg@millernash.com; edgar.rosales@millernash.com
- United States Trustee (ND): ustpreion16.nd.ecf@usdoj.gov; **Brian D Fittipaldi**: brian.fittipaldi@usdoj.gov

☐ Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL**: On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Pursuant to the Courtroom Policies and Procedures of the Honorable Ronald A. Clifford III, Judge's copies are not required.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 9, 2025
Date

Martha E. Araki
Printed Name

/s/ Martha E. Araki
Signature